

3 September 2019

SAVANNAH OPERATIONS UPDATE & FURTHER AMENDMENTS TO PROJECT LOAN FACILITY

Panoramic Resources Limited (“Panoramic” or the “Company”) provides an operational update on the Savannah nickel-copper-cobalt Project and advises of further amendments agreed with Macquarie Bank Limited (“MBL”) to the Savannah Facility Agreement (“SFA”).

Savannah Operations Update

Overview

As reported in the June 2019 Quarterly Report, there was significant improvement across the operations in the following areas:

- **Safety** – Lost Time Injury Frequency Rate (LTIFR) of 7.2 at the end of the quarter and no Lost Time Injuries reported during the quarter
- **Concentrate shipments** – three concentrate shipments from Wyndham port, aggregate provisional invoice value of A\$23.6 million
- **Mining** – production and development rates improved
- **Equipment availability** – mobile fleet availability improved
- **Processing** – average nickel recovery of 84.8% compared to previous quarter of 71.4%
- **Metal production** – 1,518t Ni, 814t Cu and 80t Co contained in concentrate
- **Savannah North decline access development** – advancement rates improved following the commencement of the Contractor
- **Savannah North ventilation rise** – reaming rates improved

Access advancement rates into Savannah North improved with first development ore scheduled from November 2019 and first stoping ore early in the March 2020 quarter. The Savannah North raise bore penetration rates have also improved and the ventilation hole is expected to be completed early in the June 2020 quarter. However, production from the remnant Savannah orebody in July and August has been below budget, due to a number of factors which are being addressed.

Mining

After a significantly improved June 2019 quarter, in which the Project averaged 47,000 tonnes of ore per month, average monthly ore production for July and August was approximately 46,000 tonnes, which was below the budget of approximately 60,000 tonnes. The reasons for the below budget performance included:

- Reduced availability of some high-grade stopes due to a localised seismic event in July;
- Bridging of ore in some stopes mostly related to ground stress issues from the seismic event;
- Additional rehabilitation of access drives;
- Reduced remote boggler availability caused by software/hardware issues; and
- Intermittent manning issues with Company and Contractor personnel due to the tight labour market.

Directors

BRIAN PHILLIPS

Non-Executive Chairman

PETER HAROLD

Managing Director

PETER SULLIVAN

Non-Executive Director

NICHOLAS CERNOTTA

Non-Executive Director

REBECCA HAYWARD

Non-Executive Director

TREVOR ETON

CFO / Company Secretary

Processing Plant

The processing plant continues to perform well with metallurgical recoveries close to budget at 84% for nickel in August.

The paste plant and reticulating system are performing as required. A Contractor has been mobilised to assist with paste wall construction and paste delivery in order to catch-up on the paste filling schedule.

Concentrate Shipping and Revenue

Shipments have continued on a regular monthly basis averaging 6,000 to 8,000 wmt.

Since May, the high nickel price has increased sales revenue and resulted in positive quotational period (QP) pricing adjustments which further enhance revenue.

Savannah North Development

Total mine development in July/August was 702m (of which 371m was on the Savannah North twin declines). Based on the current forecast, the Company expects to be mining development ore from Savannah North in November and producing from stopes early in the March 2020 quarter.

The raisebore advancement has improved significantly since the reamer head diameter was reduced to 4.1m in May. At the end of June 2019, advancement was 96m and by the end of August total advancement was 213m with approximately 680m to completion. Independent ventilation consultants have confirmed that there is sufficient capacity within the existing ventilation system to meet forecast production rates for FY2020.

Mining rates are scheduled to increase when Savannah North is brought on-line with the nickel and cobalt grades increasing to reflect the higher grades of the Savannah North Ore Reserve compared to the remnant Savannah orebody.

Improvement Initiatives

To further improve mining operations, the following initiatives are underway:

- Identification of underperforming mobile equipment (ITs, Shotcrete Sprayer, etc) and refurbishment and/or replacement as appropriate;
- Continue to expand the use of waste rock disposal underground and cemented rock fill into open stopes;
- Recruitment of a Technical Services Superintendent after the incumbent in the role was elevated to Mining Manager;
- Continue review of the mining schedule to determine if there is an ability to increase production from Savannah North; and
- Fill remaining vacancies of the permanent workforce.

Revised FY2020 Production Guidance

Based on the lower production in July and August and a review of the Savannah and Savannah North production schedules for the balance of FY2020, the Company advises that forecast production for FY2020 (tonnes in concentrate) is now expected to be as follows:

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|----------|-----------------|
| • Nickel | 9,500 - 10,000t |
| • Copper | 5,800 - 6,000t |
| • Cobalt | 600 - 650t |

Savannah Financing Agreement (SFA)

Background

As highlighted in the Company's FY2019 Full Year Results announced on 30 August 2019, the Company and MBL have been in discussions in relation to providing financial flexibility under the existing SFA as the Savannah operation transitions to the Savannah North orebody.

Amendments to the SFA

As a result of these discussions, it was agreed between MBL and the Company, on 2 September 2019, that the following amendments be implemented:

- **Debt reduction** – \$20 million reduction (50%) of the current outstanding \$40 million debt to be funded from new equity raised by the Company by way of a pro-rata renounceable rights issue. The remaining \$20 million of Senior Debt is to attract the same interest rate margin as in the previous \$10 million Mezzanine tranche;
- **Repayment schedule** – the loan repayment schedule adjusted with the first repayment date being deferred by one quarter to 30 September 2020 with final repayment deferred by one quarter to 31 March 2022;
- **Minimum Liquidity** – the Project's minimum liquidity amount reduces from \$7.5 million to nil. Post completion of the Savannah North ramp-up (June 2020 quarter), the Project proceeds accounts are required, in aggregate, to have the next month's operating cost available in cash;
- **Hedging** – existing contracts are to be rolled forward to match the new loan repayment schedule from the September 2020 quarter to the March 2022 quarter. No additional hedging is required; and
- **Loan Covenants and Project ratios** – the Debt Service Cover ratio (DSCR) has been removed and the pricing assumptions for the remaining financial covenants have been improved.

Forward Looking Statements

This announcement may contain certain "forward-looking statements" which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the Countries and States in which we operate or sell product to, and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors, see the Company's Annual Reports, as well as the Company's other filings. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

About the Company

Panoramic Resources Limited (**ASX code: PAN**) is a Western Australian mining company formed in 2001 for the purpose of developing the Savannah Nickel Project in the East Kimberley. Panoramic successfully commissioned the \$65 million Savannah Project in late 2004 and then in 2005 purchased and restarted the Lanfranchi Nickel Project, near Kambalda. In FY2014, the Company produced a record 22,256t contained nickel and produced 19,301t contained nickel in FY2015. The Lanfranchi and Savannah Projects were placed on care and maintenance in November 2015 and May 2016 respectively pending a sustained recovery in the nickel price.

After delivering an updated feasibility study on the Savannah Project in October 2017, securing an offtake customer and putting in place project financing in July 2018, the Company made the decision to restart operations at Savannah with first concentrate shipped from Wyndham on 13 February 2019. The Lanfranchi Project was sold in December 2018 for a total cash consideration of \$15.1 million, providing additional financial support for the re-commissioning of the Savannah Project.

Apart from the nickel, copper and cobalt inventory at Savannah the Company has a diversified resource base including platinum group metals (PGM) and gold. The PGM Division consists of the Panton Project, located 60km south of the Savannah Project and the Thunder Bay North Project in Northern Ontario, Canada, which is in the process of being sold to Benton Resources for C\$9 million. Following the ASX listing of Horizon Gold Limited (ASX Code: HRN) in December 2016, the Company's interest in gold is an indirect investment in the Gum Creek Gold Project located near Wiluna through its 51% shareholding in Horizon.

At 30 June 2019, Panoramic had \$26.6 million in available and restricted cash. The Company has fully drawn down against the \$40 million project financing facility with Macquarie Bank.

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